

SENATE BILL 1116

By Harper

AN ACT to amend Tennessee Code Annotated, Title 7,
Chapter 4, Part 1 and Title 67, Chapter 4, Part 19,
relative to the financing of a new convention
center by certain metropolitan governments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-4-110, is amended by deleting it in its entirety and by substituting instead the following language:

Section 7-4-110.

(a) Until the metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census approves an ordinance to impose an additional one percent (1%) increase to the privilege tax authorized pursuant this act, the proceeds from the tax authorized to be levied pursuant to this chapter shall be retained by the metropolitan government and distributed as follows:

(1) One-third (1/3) of the proceeds of the tax authorized to be levied in § 7-4-102(a)(1) and the proceeds of the tax authorized to be levied in § 7-4-102(a)(2) shall be used for the direct promotion of tourism;

(2) One-third (1/3) of the proceeds of the tax authorized to be levied in § 7-4-102(a)(1) and the proceeds of the tax authorized to be levied in § 7-4-102(b) shall be placed in a reserve fund for the eventual replacement of the convention center in existence on the effective date of this act; and

(3) One third (1/3) of the proceeds of the tax authorized to be levied in § 7-4-102(a)(1) shall be deposited in the general fund.

(b) When the metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census approves an ordinance to impose an additional one percent (1%) increase to the privilege tax authorized pursuant to this act, the proceeds from the tax authorized to be levied pursuant to this chapter shall be retained by the metropolitan government and distributed as follows:

(1) One-third ($1/3$) of the proceeds in its entirety shall be used for the direct promotion of tourism;

(2) One-half ($1/2$) of the proceeds in its entirety shall be maintained in a reserve fund to be used exclusively for the purpose of modifying, constructing, financing and operating such a convention center; and

(3) One-sixth ($1/6$) of the proceeds shall be deposited in the general fund of the metropolitan government.

(c) Proceeds from this tax may not be used to provide a subsidy in any form to any hotel or motel.

(d) If the total tax collections received pursuant to this section and dedicated to the purposes contained in subsections (a) and (b) exceed the amounts necessary to fund the contracts thereunder, the excess shall be placed in a reserve fund which shall be expended only for the direct promotion of tourism.

SECTION 2. Tennessee Code Annotated, Section 7-4-102(b), is amended by designating the existing subsection as subsection (b)(1) and by deleting the word "There" and substituting instead the following language:

Until the metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000)

according to the 2000 federal census or any subsequent federal census approves an ordinance to impose an additional one percent (1%) increase to the privilege tax authorized pursuant to this subdivision in accordance with subdivision (b)(2), there

SECTION 3. Tennessee Code Annotated, Section 7-4-102(b), is further amended by adding the following language to be designated as subsection (b)(2)

(b)(2) The metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census is hereby authorized to impose an additional one percent (1%) increase to the privilege tax authorized pursuant subsection (b)(1); such increase shall be deposited into a metropolitan government fund entitled "The Convention Center Fund" and shall be used for the purpose of paying costs incurred in modification or construction of a publicly owned convention center in excess of four hundred million dollars (\$400,000,000) in costs located within the territory of the metropolitan government. Such tax so imposed is a privilege tax upon the transient occupying the room of any hotel located within the territory of the metropolitan government. Such ordinance shall include provisions to reflect the intent and effect of this subsection (b)(2).

SECTION 4. Tennessee Code Annotated, Title 7, Chapter 4, is amended by adding the following language as a new part 2:

Section 7-4-2___. As used in this part, unless the context otherwise requires:

(1) "Metropolitan government" means any county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census;

(2) "Person" means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, business organization, receiver, trustee, syndicate, or any other group or combination acting as a unit;

(3) "Tax collection official" means the department of finance of the county or municipality, as applicable, or the county clerk, if so designated by ordinance of the legislative body of any municipality having a metropolitan government.

Section 7-4-2___. In addition to any other tax or fee imposed pursuant to this chapter on the occupancy of a hotel room, upon the adoption of an ordinance by the metropolitan council in a county having a metropolitan government, there is hereby authorized an additional two dollar (\$2.00) privilege tax upon the occupancy of each hotel room within the territory of such metropolitan government. The tax so imposed is a privilege tax upon each occupied room for each night of occupancy and is to be collected and distributed as provided in part 1 of this chapter.

Section 7-4-2___. All revenues received by the metropolitan government from the privilege tax imposed pursuant to this part shall be deposited into a metropolitan government fund entitled "The Convention Center Fund" and shall be used for the purpose of paying costs incurred in modification or construction of a publicly owned convention center in excess of four hundred million dollars (\$400,000,000) in costs located within the territory of the metropolitan government. Such revenues may also be used for the operation, promotion, management and marketing of such a convention center. If the revenues from such surcharge or tax in any fiscal year exceed the total of such debt service requirements from that year, such surplus revenue thus accruing shall be retained by the metropolitan government as a sinking fund for future convention center debt service requirements.

Section 7-4-2____. In the event that the total bonded indebtedness incurred for the modification or construction of such convention center facility by the metropolitan government shall be paid in full as to bond and interest, including expenses of bond sale or sales, the metropolitan government's taxing resolution shall be repealed and this tax shall no longer be levied. Provided, however, that any funds and interest remaining in the sinking fund after all obligations imposed under the provisions of this part have been fulfilled, shall be paid over to the governmental board or agency responsible for the operation of the convention center for use by it in the operation, promotion and advertisement of the convention center facilities.

Section 7-4-2__.

(a)

(1) There is hereby authorized a privilege tax on the privilege of contracted vehicles exiting public airports located within the boundaries of a metropolitan government. Such tax shall only be effective upon the adoption of an ordinance by the metropolitan council to impose such privilege tax.

(2) Such tax shall be imposed only upon contracted vehicles which charge customers a separate fee for transportation from the airport unless otherwise excluded in this part.

(3) The tax shall be in the amount of two dollars (\$2.00) each time a contracted vehicle meeting the requirements of subdivision (2) exits the airport while transporting customers from the airport located within the territory of the metropolitan government, but shall exclude non commercial vehicles and equipment operated by the Metropolitan Transit Authority.

(b) The tax so imposed is a privilege tax upon the contracted vehicle exiting the airport and is to be collected and distributed as provided in this chapter.

(c) The privilege tax is due each time a contracted vehicle to which this section applies leaves the airport. The operator of the contracted vehicle shall be responsible for keeping accurate records to determine the amount of the tax due and payable. Such information shall be transmitted daily by the operator of the contracted vehicle to a designated individual within the business organization which hired the operator of the contracted vehicle. The privilege tax shall be remitted to the metropolitan tax collection official by a designated individual within such business organization not later than the 20th of each month.

Section 7-4-2__.

(a) Taxes due and payable that are not remitted to the tax collection official on or before the due dates are delinquent.

(b) The person owing such taxes shall be liable for interest on such delinquent taxes from the due date at the rate of eight percent (8%) per annum, and in addition for penalty of one percent (1%) for each month or fraction of a month that such taxes are delinquent. Such interest and penalty shall become a part of the tax required in this chapter to be remitted.

(c) Willful refusal of a person to collect or remit the tax or willful refusal of an operator of a contracted vehicle to keep accurate records of the tax due and payable is a Class C misdemeanor.

(d) Any fine levied in this chapter shall be applicable to each individual transaction involving an operator of a contracted vehicle for willful refusal to keep

accurate records or the willful refusal of a person to collect or remit the tax due and owing.

Section 7-4-2____. All revenues received by the metropolitan government from this privilege tax shall be deposited into a metropolitan government fund entitled "The Convention Center Fund" and shall be used for the purpose of paying costs incurred in modification or construction of a publicly owned convention center in excess of four hundred million dollars (\$400,000,000) in costs located within the territory of the metropolitan government. If the revenues from such surcharge or tax in any fiscal year exceeds the total of such debt service requirements from that year, such surplus revenue thus accruing shall be retained by the metropolitan government as a sinking fund for future debt service requirements.

Section 7-4-2____. In the event that the total bonded indebtedness incurred for the modification or construction of such convention center facility by the metropolitan government shall be paid in full as to bond and interest, including expenses of bond sale or sales, the metropolitan government's taxing resolution shall be repealed and this tax shall no longer be levied. Provided, however, that any funds remaining in the sinking fund after all obligations imposed under the provisions of this part have been fulfilled, shall be paid over to the governmental board or agency responsible for the operation of the convention center for use by it in the promotion and advertisement of the convention center facilities.

SECTION 5. Tennessee Code Annotated, Title 67, Chapter 4, Part 19, is amended by adding the following language as a new, appropriately designated section:

Section 67-4-19____.

(a)

(1) In addition to the state tax provided in § 67-4-1901, a metropolitan government having a population in excess of five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census, is authorized to levy a surcharge or tax of one percent (1%) of the gross proceeds derived from the lease or rental of any passenger motor vehicle, truck, or trailer for a period of thirty-one (31) days or less; provided, that such surcharge or tax shall not apply to any automobile rented by an insurance company as a replacement vehicle for a policyholder or by a business that rents a truck or trailer for the purpose of transporting goods, or by any individual or business that rents a vehicle as a replacement while the renter's vehicle is being repaired, replaced, or serviced; provided further, that the individual presents to the renter upon return of the rented vehicle a copy of the repair or service invoice or signs a statement under penalty of perjury that the lease or rental of the vehicle is used as a replacement for a vehicle that is being repaired, replaced, or serviced. The surcharge or tax shall not apply to any vehicle rental transaction in which an entity whose principal business activity is the sale and service of new and used motor vehicles is the renter. This surcharge or tax shall apply to the gross proceeds from the rental agreement, excluding any sales tax imposed by chapter 6 of this title. The surcharge or tax shall be subject to the exemptions provided by § 67-4-1906. The surcharge or tax shall not be subject to the credit provided in § 67-4-1903 and shall be implemented consistent with the existing tax policies and procedures of the department of revenue and of the remainder of this chapter.

(2) Such surcharge or tax shall only be effective upon the adoption of a resolution by the metropolitan council to impose the surcharge or tax.

(b) All revenue received by the metropolitan government from this surcharge or tax shall be deposited into a metropolitan fund entitled "The Convention Center Fund" which shall be used for the purpose of paying costs incurred in modification or construction of a publicly owned convention center in excess of four hundred million dollars (\$400,000,000) of cost within the territory of the metropolitan government. If the revenue from such surcharge or tax in any fiscal year exceeds the total of such debt service requirements for that year, such surplus revenue thus accruing shall be retained by the metropolitan government as a sinking fund for future debt service requirements.

(c) In the event the total bonded indebtedness incurred for the construction of such convention center facility by the metropolitan government shall be paid in full as to bond principal and interest, including expenses of the bond sale or sales, the metropolitan government's taxing resolution shall be repealed and this surcharge or tax shall no longer be levied. Provided, however, that any funds remaining in the sinking fund after all obligations imposed under the provisions of this section have been fulfilled, shall be paid over to the governmental board or agency responsible for operation of the convention center for use by it in the promotion and advertisement of the convention center facilities.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring

it.